

**Transcript of Remarks by Senator Kent Conrad (D-ND)
at Press Conference on Republican Efforts to Raise Debt Limit by Nearly \$1 Trillion
May 22, 2003**

If there was ever a disconnect in Washington, it was displayed this week. On the one hand, the administration is asking to increase the debt limit by nearly \$1 trillion. On the other hand, they are endorsing tax cuts that without the gimmicks would cost over \$1 trillion. You know, it's as though the left hand doesn't know what the right hand is doing. On the one hand, they're asking for the biggest increase in the debt limit in the history of our nation, and on the other hand, they are asking for a tax cut that will only make the situation worse going forward.

You will recall two years ago the President assured the nation that if we adopted his tax cut then that we would still be able to virtually eliminate the publicly held debt by 2008. In fact, he told the country he would be able to eliminate all of the debt available to pay off by 2008, leaving us with only \$36 billion of publicly held debt by 2008. Now, we see if we go forward with the budget that has been adopted that we will, instead of eliminating the debt, see the debt skyrocket to over \$5 trillion by 2008. Now this is not a credibility gap, this is a credibility chasm.

This slide shows the difference between the Baucus amendment and what is being pursued on the floor by the majority party. They're asking for an almost trillion dollar increase in the debt. Senator Baucus is saying, wait a minute. We obviously have to increase the debt limit, but let's do it in a responsible way so that people are reminded of the consequences of the other policies that we adopt. So Senator Baucus is saying, let's only increase the debt by \$350 billion so that we have more frequent chances to review and assess the fiscal policy of the country and the consequences of it.

One of the ironies of the plan that is before us is that only a small part of the tax cut is effective this year at a time when stimulus is clearly needed. Of the \$350 billion stimulus package, only \$58 billion is effective this year – that's about 17 percent of the cost of the package. It is an upside down plan. It has too little lift on the front-end, too much cost on the back-end that drives us deeper into deficits and debt that will not encourage economic growth, but will hurt it. Economist after economist have told us wait just a minute. The plan that is being adopted will not improve economic growth, it will hurt it because of the dead weight of deficits and debt. That's why this debate on debt is so important.

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Question: Are you at all frustrated by the possibility that the House may go home tonight and that the debt limit bill will come and you will really have no choice?

Conrad Answer:

The House wants to avoid a vote on the debt limit. They're happy to vote on cutting taxes another trillion dollars without the gimmicks. But they don't want to vote on increasing the debt. They've never had a vote in the House. They don't want to have one because they

don't want to be connected with the consequences of their own actions.

You know the President has said over and over it's the people's money. You know the President is right about that – it is the people's money. But it's also the people's debt. And this debt is skyrocketing under the leadership of the President and the Republicans in the House are taking us down a path to mushrooming deficits and debt that will have serious real world consequences.

They call this a growth package. You know in the short-term, it provides very little in the way of growth. In the long-term, it hurts growth because of the dead weight of these deficits and debt. They're reducing the pool of societal savings as a result reducing the money available for investment, and you have got to have investment in order to grow.

Question: The President calls this a season of accomplishments – signing of the tax cut, Medicare eventually coming up. What do you as Democrats have to offer against that beside criticism?

Conrad Answer:

What we have offered in terms of an economic package is one that is serious about stimulating the economy in the short-term, and not damaging it in the long-term. The package we offered would provide much more lift to the economy now – almost three times as much as in this package – and without doing the long-term damage of the President's plan because the President's plan will absolutely skyrocket the deficit and debt at the worst possible time, right before the baby boomers retire.

The only accomplishment that I heard you talk about is the tax cut. Let's talk about the full record of this administration. They have lost 2.7 million private sector jobs – that's a record. They have the lowest record of economic growth of any administration in 50 years. They're about to pass the biggest increase in the national debt in our history. They have put us on a path to a weakened economy, according to the projections of the people they have hired to do macroeconomic analysis that says their plan will give a boost of less than one-half of one percent of GDP the first two years – after that, it's worse than doing nothing. They will hurt long-term economic growth, explode deficits and debt at the worst possible time. That's the record of this administration. That's a dismal record, and I predict to you today history will judge this administration very, very harshly because they have blown an opportunity.

They followed an administration that did it right, that turned massive deficits into substantial surpluses. They kicked off the longest record of economic growth in our nation's history, that had the lowest unemployment in 30 years, the lowest rate of inflation in 30 years, the strongest period of business investment in our nation's history. Now that was a record of accomplishment, not just of talk and spin.

The record of this administration when it's written will be a record of deficits, debt and decline, the three D's – that will be their record.

Question: Is there anything substantively that you hope to accomplish by shortening the time frame for a vote on raising the debt ceiling, outside of being just a chance to raise these same arguments all over again and why since it's not having any effect on Republicans now, why would it have any effect 3 or 4 months from now?

Conrad Answer:

My own view is that it is critically important that people know the consequences of the decisions that are made here. The consequences of decisions being made this week to dramatically expand the debt and to dramatically increase the size of the tax cuts will assure us, unfortunately, of repeated need to raise the national debt to unsustainable levels. That is going to mean massive tax increases in the future, massive cuts in benefits in Social Security and Medicare and the unraveling of the rest of government as we know it. That is where this administration is taking us. It is just as clear as it can be, yet it is profoundly irresponsible.